

Message Text

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ACTION NEA-10

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E.O. 11652: N/A
TAGS: ENRG, ETRD, KU
SUBJECT: DOHA WEST POWER PLANT PROJECT: BOILER PACKAGE

REF: KUWAIT 4557

1. I CALLED ON MINISTER FOR ELECTRICITY AND WATER (MEW)
ABDULLAH AL-GHANEM ON AUGUST 22 AT MY REQUEST. THE PURPOSE
OF MY CALL WAS TO DISCUSS HIS PREVIOUSLY INDICATED INTEREST
IN HAVING US FIRMS BID ON THE DOHA WEST POWER PLANT PROJECT
AND THE CURRENT STAGE OF BIDDING PROCESS.

2. I INFORMED THE MINISTER OF MY EFFORTS IN WASHINGTON TO
ENCOURAGE GENERAL ELECTRIC AND WESTINGHOUSE TO BID ON THE
TURBINE PORTION OF THIS \$1.1-BILLION PROJECT. GE ACTUALLY DID
BID, BUT MINISTER NOTED THAT ITS BID WAS TWICE AS HIGH AS THAT
OF THE LOW BIDDER, MITSUBISHI (REFTEL). HOWEVER, A US FIRM,
RILEY (OR RILEY-STOKER) WAS ASSOCIATED WITH THE JAPANESE
COMPANY MITSUI IN SUBMITTING THE LOW BID FOR THE BOILER PART
OF THE OVERALL PACKAGE. I COMMENTED THAT I HAD BEEN PLEASED
TO HEAR THIS (RILEY-MITSUI AGENT, BOODAI TRADING COMPANY,
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LAVING JUST SUPPLIED THIS INFORMATION TO THE EMBASSY.
THE MINISTER HADDED THAT RILEY-MITSUI HAD SUBMITTED TWO BIDS,
ONE FOR D55..? MILLION AND AN ALTERNATIVE AT \$51 MILLION.
DEUTSCHE BABCOCK AND BUSSING (SUBSIDIARY OF THE FORMER),
BOTH GERMAN COMPANIES, WERE NEXT IN THE \$58-MILLION RANGE.
AL-GHANEM SAID HE G GRETTEED THAT THE US FIRM BABCOCK WILCOX
HAD NOT SUBMITTED A BID. I TOLD HIM THAT THEY HAD PREPARED

A BID IN CONJUNCTION WITH BECHTEL, BUT HAD DROPPED OUT AT THE LAST MOMENT WHEN BECHTEL DECIDED NOT TO GO AHEAD WITH ITS OVERALL BID FOR THE PROJECT.

3. MINISTER WN-GHANEM THEN SAID THAT THE FOUR LOWEST BIDDERS (WE BELIEVE THE FOURTH BID IS THAT OF BROWN-BOVERI OF SWITZERLAND) WOULD BE ASKED TO COME TO KUWAIT TO DISCUSS THEIR BIDS AND TO PROVIDE ANSWERS TO QUESTIONNAIRE ALREADY FORWARDED TO THEM BY MEW. HE EXPRESSED A CERTAIN CURIOSITY ABOUT THE NATURE OF RILEY'S ASSOCIATION WITH MITSUI AND THE ACTUAL ROLE IT INTENDED TO PLAY IN THE PROJECT. AL-GHANEM HASTENED TO ADD THAT MEW KNEW BOTH RILEY AND MITSUI INDIVIDUALLY AND RECOGNIZED THEIR COMPETENCE, BUT SEEMED CONCERNED ABOUT THE EXTENT OF ACTIVE RESPONSIBILITY FOR THE PROJECT WHICH RILEY WOULD ASSUME.

4. U TOLD THE MINISTER THAT, ACCORDING TO INFORMATION SUPPLIED ME BY THE AGENT, RILEY WOULD PROVIDE ALL DRAWINGS, ENGINEERING SUPERVISION, CONSTRUCTION MANAGEMENT AND TECHNICAL ASSISTANCE, WHILE MITSUI WOULD BE RESPONSIBLE FOR BUILDING THE BOILER PLANT ITSELF. I ADDED THAT WE WERE VERY MUCH INTERESTED IN SEEING A US FIRM PARTICIPATE IN THIS IMPORTANT PROJECT AND WOULD BE FOLLOWING THIS MATTER CLOSELY. I TOLD THE MINISTER I HAD HEARD THAT THE GERMAN FIRMS INVOLVED WERE STILL PURSUING THEIR CASE VIGOROUSLY. THE MINISTER RECALLED THAT HE HAD EXPRESSED AN INTEREST FOR GREATER US LIMITED OFFICIAL USE

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PARTICIPATION IN KUWAITI PROJECTS AND WOULD BE PLEASED IF RILEY-MITSUI WERE SELECTED.

5. COMMENT: MINISTER AL-GHANEM MADE IT QUOTE CLEAR THAT MEW WAS GOING TO EXAMINE VERY CLOSELY RILEY'S ROLE AND THE EXTENT OF PARTICIPATION OF ITS PERSONNEL IN THE ACTUAL WORK OF THE PROJECT TO BE PERFORMED IN KUWAIT. ACCORDING TO BOODAI, THE GERMAN FIRMS WHO ARE REPRESENTED BY ALI AL-GHANEM, ONE OF THE MINISTER'S MANY COUSINS, WERE SEEKING TO RAISE DOUBTS ABOUT THE EXTENT OF RILEY'S ROLE.

6. ACTION REQUESTED: I SUGGEST THAT USDOC WAR RILEY (HOWARD

C. WARREN, CHAIRMAN OF BOARD, RILEY CO: 7401 NORTH HAMLIN, SKOKIE, ILLINOIS 60076; TEL: (312) 675-2500) OF MEW'S SPECIFIC INTEREST IN THE EXTENT OF ITS REAL PARTICIPATION IN THIS JOINT VENTURE WITH MITSUI. RILEY SHOULD BE WELL PREPARED TO EXPLAIN ITS INTENTIONS, PARTICULARLY WITH REGARD TO THE ASSIGNMENT OF AMERICAN PERSONNEL IN KUWAIT. MAESTRONE

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